



Clipay Corporation  
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Cincinnati, Ohio 45202-4036 USA  
(513) 381-4800 • Fax (513) 762-3984

An Instrument Systems Company

January 11, 1994

Mr. William F. Canton  
Acting Secretary  
Federal Communications Commission  
1919 M Street NW  
Washington, D.C. 20554

RE: CC Docket 93-292

Dear Mr. Canton:

It was with great interest I read the recent FCC Notice of Proposed Rulemaking concerning Toll Fraud. As a telecommunications professional who is responsible for my company's communications system, I am encouraged by the proposed rulemaking because even though I have taken each and every protective step recommended by the IXC's and CPE vendors to secure my system, I can still experience toll fraud. It is impossible to secure my system 100% from fraud.

PBX owners should not be responsible for 100% of the toll fraud if we don't control 100% of our destiny. Since our destiny is not only controlled by our PBX security precautions, but also by the information, services and equipment provided IXCs, LECs and CPEs, the law should reflect that. It is preposterous to think that the IXCs, LECs and CPEs who all have a very important part in this issue, have absolutely no legal obligations to warn customers and therefore, no real incentive to stop fraud.

CPEs should be required to provide warnings about the risks of toll fraud with their equipment and provide recommended counter methods. It is critical that CPEs ship equipment without default passwords which are well known within the hacker community. Passwords should be created during the installation of the equipment with the customers full knowledge. CPEs should be required to include security-related hardware and software in the price of their systems.

While the programs offered by IXCs, such as AT&T NetProtect, have broken new ground in relation to preventing toll fraud, they still don't do enough. Some of these services are too expensive for smaller companies and the educational information is superficial. Monitoring by the IXCs should be a part of the basic interexchange service offerings, as all companies, large and small, are vulnerable to toll fraud. If the IXCs were monitoring all traffic, there wouldn't be any cases of toll fraud for periods longer than a day. As hackers begin new methods of breaking into

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Mr. Canton  
January 11, 1994  
Page Two

systems by using local lines instead of 800 numbers, the LECs should be required to offer monitoring services similar to the IXC's.

I applaud the provisions outlined in the NPRM on shared liability. They are fair and equitable. Shared liability will require clear definitions of the specific responsibilities of the CPE owner to secure their equipment, the manufacturer to adequately warn the customer of the toll fraud risks associated with features of the CPE, and the IXCs and LECs to offer detection and prevention programs and educational services. If toll fraud occurs and one of the parties should fail to meet these responsibilities and prove to be negligent, then they should bear the cost of the fraud. I do not believe any damages should be awarded to the aggrieved parties. Should all parties have met the aforementioned responsibilities, and toll fraud occurs, then liability should be shared equally.

However, shared liability only addresses the symptom of the problem of toll fraud and not the cause.

The root of this crime of toll fraud is the hacker community. As the information highway widens, so do the endless opportunities for hackers to compromise our communication systems. I do not believe it when the hackers state they only "hack" to gain knowledge. If this were the case, there would not be a toll fraud problem. While it is the hacker who breaks into the systems and sells the information, it is the call sell operations that truly profit from it.

Until we come up with an adequate method for law enforcement to catch and prosecute these criminals, toll fraud will continue to grow beyond the \$5 billion problem it is today. We must develop legislation that clearly defines and penalizes this criminal activity and gives law enforcement the tools it needs to track and prosecute the perpetrators of toll fraud.

Toll fraud is an illegal, fraudulent theft of service. I am encouraged that if we all work together we can make a positive impact on this terrible problem.

Sincerely,

  
Allyson Gray-Stacey  
Manager Office Services



EAST-WEST CENTER

1777 East-West Road  
Honolulu, Hawaii 96848  
Telephone: 808-944-7113  
Fax: 808-944-7970  
Telex: 989171  
Cable: EASWESCN

January 12, 1994

OFFICE OF  
ADMINISTRATION

Mr. William F. Canton  
Acting Secretary  
Federal Communications Commission  
1919M Street NW  
Washington, D.C. 20554

RE: CC Docket 93-292

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As well as through hacking a system, toll fraud can also occur through unauthorized third party charges, which the Center experiences almost monthly on our telephone bill. Therefore, I do not believe PBX owners should be responsible for 100% of the toll fraud if we don't control 100% of our destiny. Since our destiny is not only controlled by our PBX security precautions, but also by the information, services and equipment provided by IXC's, LEC's and CPE's, the law should reflect that. It is grossly unfair and unreasonable to think that the IXC's, LEC's and CPE's, who all have a very important part in this issue, have absolutely no legal obligations to warn customers and therefore, no real incentive to stop fraud.

CPE's should be required to provide warning about the risks of toll fraud with their equipment and provide recommended counter methods. It is critical that CPE's ship equipment without default passwords which are well known within the hacker community. Passwords should be created during the installation of the equipment with the customers' full knowledge. CPE's should be required to include security-related hardware and software in the price of their systems. When you buy a car, the lock and key are provided in the design and price of the car. Not an adjunct that you have to purchase later.

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Center for Cultural and Technical  
Interchange between East and West, Inc.  
A national educational institution  
established by the United States Congress  
and incorporated by the State of Hawaii  
801 Queen's Highway, Honolulu

While the programs offered by IXC's, such as MCI Detect, AT&T NetProtect and Sprint Guard have broken new ground in relation to preventing toll fraud, they still don't do enough. The cost of some of these services is too expensive for smaller companies to absorb, and the educational information is superficial.

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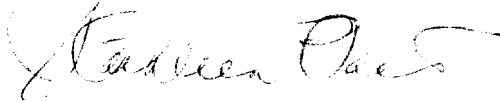
Mr. William Canton

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January 12, 1994

Toll fraud is an illegal, fraudulent theft of service. I am encouraged that if we all work together we can make a positive impact on this terrible problem.

Yours truly,

A handwritten signature in cursive script, appearing to read "Kathleen Paet".

Kathleen Paet  
Administrative Coordinator  
kp



855 Woodrow Street  
Madison, WI 53711  
(608) 257-4861

January 10, 1993

Mr. William F. Canton  
Acting Secretary  
Federal Communications Commission  
1919 M Street NW  
Washington D.C. 20554

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Toll fraud is an illegal, fraudulent theft of service. I am convinced that if we all work together we can make a positive impact on this terrible problem.

Sincerely,



Chris J. Hackbart

Manager of Instructional and Communications Technology

# Northern Trust Bank<sup>SM</sup>

January 10, 1993

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Acting Secretary  
Federal Communications Commission  
1919 M Street NW  
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*Dug*



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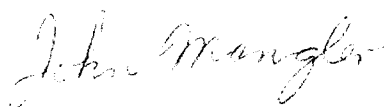
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Toll fraud is an illegal, fraudulent theft of service. I am encouraged that if we all work together we can make a positive impact on this terrible problem.

Sincerely,

A handwritten signature in cursive script, appearing to read "John Mangler".

January 11, 1994

Mr. William F. Canton  
Acting Secretary  
Federal Communications Commission  
1919 M Street NW  
Washington, DC 20554

Re: CC Docket no. 93-292

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PBX owners should not be responsible for 100% of toll fraud if we are not controlling 100% of our destiny. This destiny is ultimately controlled by not only our implementation and proper use of PBX security features but by the information, equipment and services provided by IXCs, LECs and CPE vendors. The legal obligations of the IXCs, LECs and CPE vendors should provide the proper incentive to reduce and eliminate all toll fraud.

Current programs offered by some IXCs (Sprint Guard™, MCI Detect™, and AT&T Netprotect™) and insurance companies are too expensive. Monitoring and proper notification by the IXCs must be a part of the basic interexchange service offerings. This should eliminate cases of toll fraud greater than 24 hours.

LECs must also provide monitoring and proper notification as a part of their basic service offerings. Local lines are as vulnerable to toll fraud. As the line between IXC and LEC becomes fuzzier, monitoring and proper notification by all carriers will be even more applicable.

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The provisions outlined in the NPRM are fair and equitable. Shared liability will require clearly defining the responsibilities of the;

- CPE owner to secure their equipment
- CPE vendors to warn customers of the specific toll fraud risks associated with their equipment
- IXC's and LEC's to offer detection, notification, prevention, and education offerings and services

If toll fraud occurs due to the negligence of one or more parties then the financial loss should be equitably distributed among those negligent parties. If ~~there~~ is no proven negligence the financial loss should be equitably distributed among CPE owner, and all CPE vendor(s), LEC(s) and IXC(s) involved.

Toll Fraud is a financially devastating problem that effects the entire telecommunications industry including users, vendors and carriers. I am sure, that if we all work together we can and will make a positive impact on this problem.

Sincerely,

*Lprelei Daley*  
*Communications Manager*  
*Hannah's Atlantic City*

January 11, 1994

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Acting Secretary  
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1919 M Street NW  
Washington, DC 20554

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Toll Fraud is a financially devastating problem that affects the entire telecommunications industry including users, vendors and carriers. I am sure, that if we all work together we can and will make a positive impact on this problem.

Sincerely,



Telecom. Mgr.

H.I.P. of Greater N.Y.

# Central Steel & Wire Company

OFFICES & PLANTS

Chicago - Detroit

Cincinnati - Milwaukee

P.O. BOX 5100

**CHICAGO, ILLINOIS 60680-5100**

3000 West 51st Street  
Chicago, Illinois 60632-2198

TELEPHONE  
1-312-471-3800

January 13, 1994

Mr. William F. Canton  
Acting Secretary  
Federal Communications Commission  
1919 M Street NW  
Washington, DC 20554

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Mr. William F. Canton

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Sincerely,

*Ray Fiala*

RAY FIALA  
COMMUNICATION MANAGER

ss

January 11, 1994

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Federal Communications Commission  
1919 M Street NW  
Washington, DC 20554

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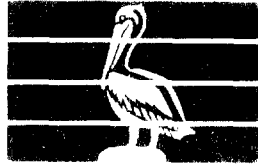
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Sincerely,

*Betty Warren*  
*Prater & Sonnet Paper Products Co.*  
*P.O. Box 1747*  
*Albany GA 31703*



CITY OF ST. PETERSBURG

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Federal Communications Commission  
1919 M Street NW  
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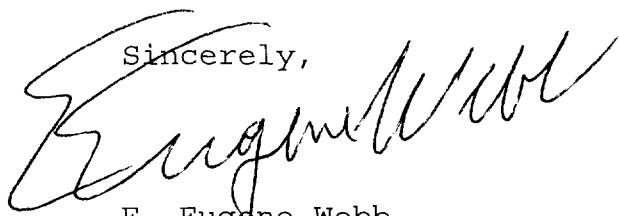
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If toll fraud occurs due to the negligence of one or more parties, then the financial loss should be equitably distributed among those negligent parties. If there is no proven negligence, the financial loss should be equitably distributed among the CPE owner, and all CPE vendor(s), LEC(s) and IXC(s) involved.

Toll fraud is a financially devastating problem that effects the entire telecommunications industry including users, vendors and carriers. I am sure that if we all work together we can and will make a positive impact on this problem.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene Webb", written over the word "Sincerely,".

E. Eugene Webb  
Assistant Director, ICS

EEW:mb

# Cape Industries

Highway 421 North • P.O. Box 327  
Wilmington, North Carolina 28402-0327  
Telephone: (919) 341-5500

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January 12, 1994

Mr. William F. Canton  
Acting Secretary  
Federal Communications Commission  
1919 M Street NW  
Washington, D.C. 20554

RE: CC DOCKET NO. 93-292

Dear Mr. Canton:

It was with great interest I read the recent FCC Notice of Proposed Rulemaking concerning Toll Fraud. As a telecommunications professional who is responsible for my company's communications system, I am encouraged by the proposed rulemaking because even though I have taken each and every protective step recommended by the IXC's and CPE vendors to secure my system, I still experience toll fraud. It is **impossible** to secure my system 100% from fraud. We were hit by a hacker several years ago costing the company \$13,000, plus.

PBX owners should not be responsible for 100% of the toll fraud if we don't control 100% of our destiny. Since our destiny is not only controlled by our PBX security precautions, but also by the information, services and equipment provided IXC's, LECs and CPEs, the law should reflect that. It is preposterous to think the IXC's and CPEs who all have a very important part in this issue, have absolutely no legal obligations to warn customers and therefore, no real incentive to stop fraud.

CPEs should be required to provide warnings about the risks of toll fraud with their equipment and provide recommended counter methods. It is critical that CPEs ship equipment without default passwords which are well known within the hacker community. Passwords should be created during the installation of the equipment with the customers full knowledge. CPEs should be required to include security-related hardware and software in the price of their systems. When you buy a car, the lock and key are provided in the design and price of the car. Not an adjunct that you have to purchase later.

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While the programs offered by IXCs, such as MCI Detect, AT&T NetProtect and Srint Guard have broken new ground in relation to preventing toll fraud, they still don't do enough. Some of these services are too expensive for smaller companies and the educational information is superficial.... Monitoring by the IXCs should be a part of the basic interexchange service offerings as all companies, large and small, are vulnerable to toll fraud. If the IXCs were monitoring all traffic, there wouldn't be any cases of toll fraud for periods longer than a day.

As hackers begin new methods of breaking in to system by using local lines instead of 800 numbers, the LECs should be required to offer monitoring services similar to the IXCs.

I applaud the provisions outlined in the NPRM on shared liability. They are fair and equitable. Shared liability will require clear definitions of the specific responsibilities of the CPE owner to secure their equipment, the manufacturer to adequately warn the customer of the toll fraud risks associated with features of the CPE, and the IXCs and LECs to offer detection and prevention programs and **EDUCATIONAL** services. If toll fraud occurs and one of the parties should fail to meet these responsibilities and prove to be negligent, then they should bear the cost of the fraud. I do not believe any damages should be awarded to the aggrieved parties. Should all parties have met the aforementioned responsibilities, and toll fraud occurs, then liability should be shared equally.

Please note that, shared liability only addresses the symptom of the problem of toll fraud and not the cause.


The root of this insidious crime of toll fraud is the hacker community. As the information highway widens, so do the endless opportunities for hackers to compromise our communication systems. I do not believe it when the hackers state they only 'hack' to gain knowledge. If this were the case, there wouldn't be a toll fraud problem. While it is the hacker who breaks in to the systems and sells the information, it is the call- sell operation that truly profit from it.

Until we come up with an adequate method for law enforcement to catch and prosecute these criminals, toll fraud will continue to grow beyond the \$5 billion problem it is today. We must develop legislation that clearly defines and penalizes this criminal activity and gives law enforcement the tools it needs to track and prosecute the perpetrators of toll fraud.

Toll fraud is illegal, fraudulent theft of service, and it cost the company I work for. We are the ones suffering. I am willing to work with you any way I can to protect my company from this happening again. I am encouraged that if we all work together we can make a positive impact on this terrible situation.

Looking forward hearing from you.

Sincerely,



Pearl Jenkins- Telecommunication Analyst  
Cape Industries  
PO Box 327  
Wilmington, North Carolina



**Ball Corporation**

345 South High Street, Muncie, IN 47305-2326 (317) 747-6100

January 13, 1994

Mr. William F. Canton  
Acting Secretary  
Federal Communications Commission  
1919 M Street NW  
Washington, DC 20554

RE: CC Docket 93-292

Dear Mr. Canton:

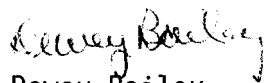
I sincerely believe the FCC has an important role to play in defining toll fraud liability.

The reported \$5 billion a year hacker crimes are increasing prices to consumers (from telecommunications, industrial, institutional, and government). The cost impact is excessive and far reaching: the actual hacker costs, the CPE hardware and software costs to prevent the hacker, the various carrier costs to monitor networks and set up security or toll prevention centers, vendor development costs to "keep a step ahead," the legal fees to catch and prosecute the hacker (if found), and the civil and process costs to determine liability.

The IXC's, who all have a very important part in this issue, should not be excluded from these programs since they would have absolutely no legal obligations to warn customers and therefore no real incentive to stop fraud. I am sure the entire telecommunications industry would appreciate your efforts to clearly define toll fraud responsibility. These need to be defined carefully, however, so the legal costs in proving liability do not exceed the actual crime.

I support the NPRM outline on shared responsibilities. All parties need to understand and accept their roles in this growing, illegal cost to all sectors of the economy.

Sincerely,

  
Dewey Bailey  
Director  
Corporate Telecommunications

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# ***Countrymark Cooperative, Inc.***

January 10, 1993

Mr. William F. Canton  
Acting Secretary  
Federal Communications Commission  
1919 M Street NW  
Washington, D.C. 20554

RE: CC Docket 93-292

Dear Mr. Canton:

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**Countrymark**



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As hackers begin new methods of breaking in to systems by using local lines instead of 800 numbers, the LECs should be required to offer monitoring services similar to the IXC's.

I applaud the provisions outlined in the NPRM on shared liability. They are fair and equitable. Shared liability will require clear definitions of the specific responsibilities of the CPE owner to secure their equipment, the manufacturer to adequately warn the customer of the toll fraud risks associated with features of the CPE, and the IXC's and LEC's to offer detection and prevention programs and educational services. If toll fraud occurs and one of the parties should fail to meet these responsibilities and prove to be negligent, then they should bear the cost of the fraud. I do not believe any damages should be awarded to the aggrieved parties. Should all parties have met the aforementioned responsibilities, and toll fraud occurs, then liability should be shared equally.

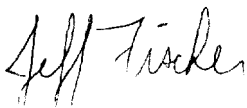
However, shared liability only addresses the symptom of the problem of toll fraud and not the cause.

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Toll fraud is an illegal, fraudulent theft of service. I am encouraged that if we all work together we can make a positive impact on this terrible problem.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jeff Fischer".